GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:981
ANSWERED ON:06.03.2007
ABOLITION OF CESS
Owaisi Shri Asaduddin

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government has decided to abolish Textile Committee Cess on readymade garments;

(b) if so, the details thereof;

(c) the extent to which the abolition of this cess is likely to improve the competitiveness of the textile industry particularly of readymade garment in the global market; and

(d) the further steps taken or being taken by the Government to help textile industry in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a) & (b): Yes, Sir, the Government has exempted the readymade garments from levy of Textiles Committee Cess vide Notification No. 52(E) dated 7.1.2007.

(c): Contribution of Readymade garments in the total collection of Textile Cess has been about 33%. Its exemption from Textiles Committee cess is likely to rationalise the tax and cess burden on the Indian textile industry and improve its competitiveness in the global market in the post-quota regime.

(d): Other steps taken by the Government for the development of textiles industry include:

(i) Rationalisation of fiscal duty structure to attract investment and modernization;

(ii) Strengthening of Technology Upgradation Fund Scheme (TUFS) and extending it to decentralized powerlooms and handlooms sectors;

(iii) De-reservation of woven readymade garments, knitting, and hosiery from the ambit of SSI Sector to achieve economy-of-scale;

(iv) Initiating the "Scheme for Integrated Textiles Parks" (SITP) by merging two schemes viz; "Apparel Park for Export Scheme" and "Textile Centre Infrastructure Development Scheme (TCIDS) to develop infrastructure at potential growth areas;

(v) Adoption of cluster based approach to strengthen handicrafts and handlooms clusters;

(vi) Establishment of yarn depot throughout the country to make available raw material to weavers at affordable prices;

(vii) Strengthening of Technology Mission for Cotton to improve the productivity and quality of the cotton, which is the main raw material for textiles industry;

(viii) Announcement of first comprehensive National Jute Policy to promote holistic growth of jute sector.